

BUSINESS DATA ANALYSIS

EMPLOYMENT INCOME QUESTION

Henry Musoki is employed as the Finance Manager at Pandah Ltd. He has provided the following details relating to his income for the year ended 31 December 2021:

1. His employment contract provided for the following:

	Sh.
Basic monthly salary	182,500
Transport allowance per month	12,000
Leave pay (paid in December)	60,000
2. He was accommodated in a company owned house where he was deducted Sh.25,000 per month as nominal rent. If the house had been rented at market value, the company could have been charging monthly rentals of Sh.45,000. The company furnished the house for him at Sh.260,000.
3. He was paid Sh.120,000 as a labour day award by the company for being the most hard working and committed employee during the year.
4. The company has a registered pension scheme for its employees where it contributes 15% of each employees' basic salary. Henry Musoki contributed 10% of his monthly basic salary towards the scheme.
5. He was enrolled to a medical scheme with Bahati Insurance Ltd. where he spent Sh.230,000 on medical bills during the year. The medical scheme catered for senior employees only.
6. His wife was given goods worth Sh.180,000 by the company during the Christmas season.
7. The company provided him with a cook and a security guard from 1 October 2021 where it paid them monthly salaries of Sh.15,000 and Sh.20,000 respectively.
8. On 1 July 2021, he secured an education insurance policy for his child at an annual premium of Sh.150,000 payable by the company.
9. He was out of the work station in the month of September 2021 for 8 days for which he was paid a daily per diem allowance of Sh.5,000.
10. PAYE deducted by the company from his salary was Sh.46,500 per month.

Required:

- (i) Taxable income for Henry Musoki for the year ended 31 December 2021. (10 marks)
 - (ii) Tax payable if any on the income computed in (c) (i) above. (2 marks)
- (Total: 20 marks)**

Monthly taxable pay (Sh.)	Annual taxable pay (Sh.)	Rate of tax % in each Sh.
1 - 24,000	1 - 288,000	10%
24,001 - 32,333	288,001 - 388,000	25%
Excess over - 32,333	Excess over - 388,000	30%